

- REPLACEMENT SHEET -

Title: METHODS AND SYSTEMS FOR FINANCING

Inventor(s): Eleanor S. Wilson, et al.

S/N: 09/681,412 Docket No: 85SF-00110 (17410-00011)

Atty: Daniel M. Fitzgerald; Phone: (314) 621-5070

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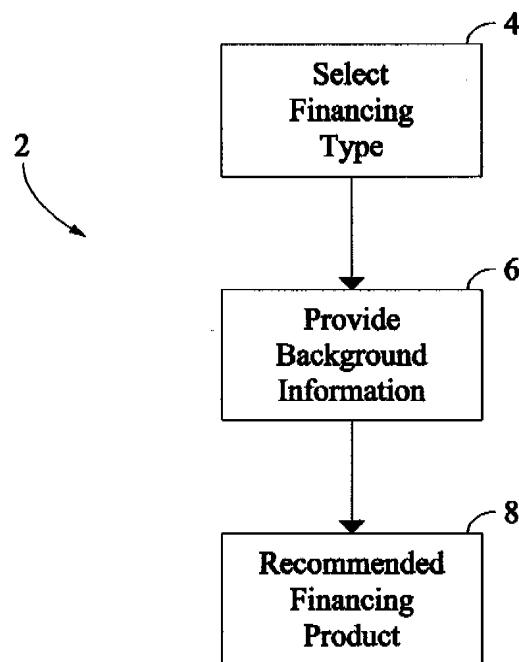


FIG. 1

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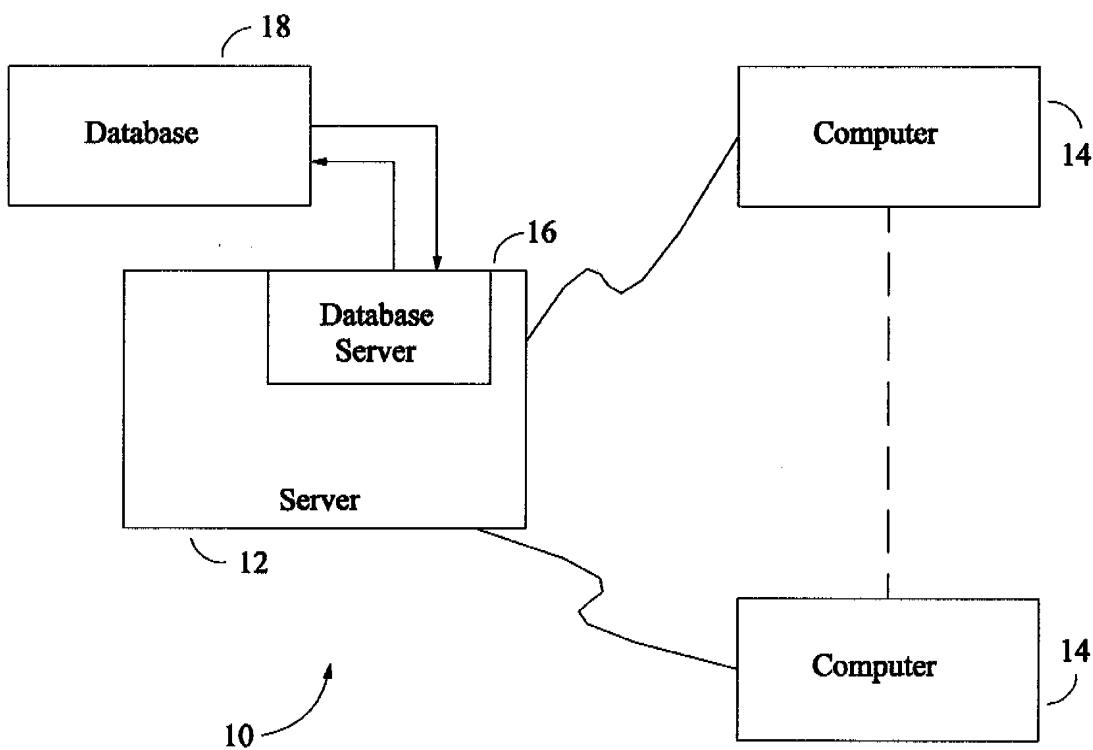


FIG. 2

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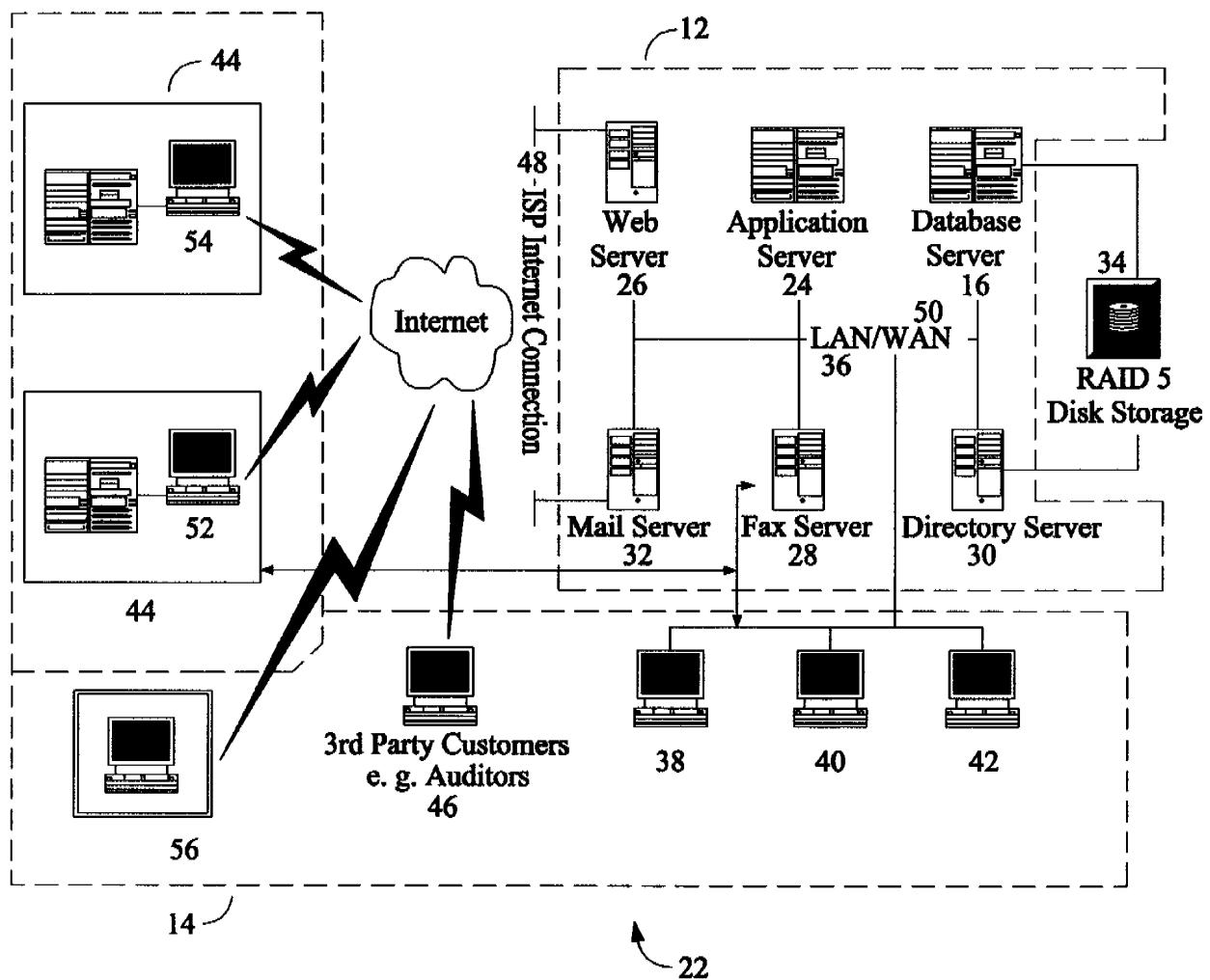
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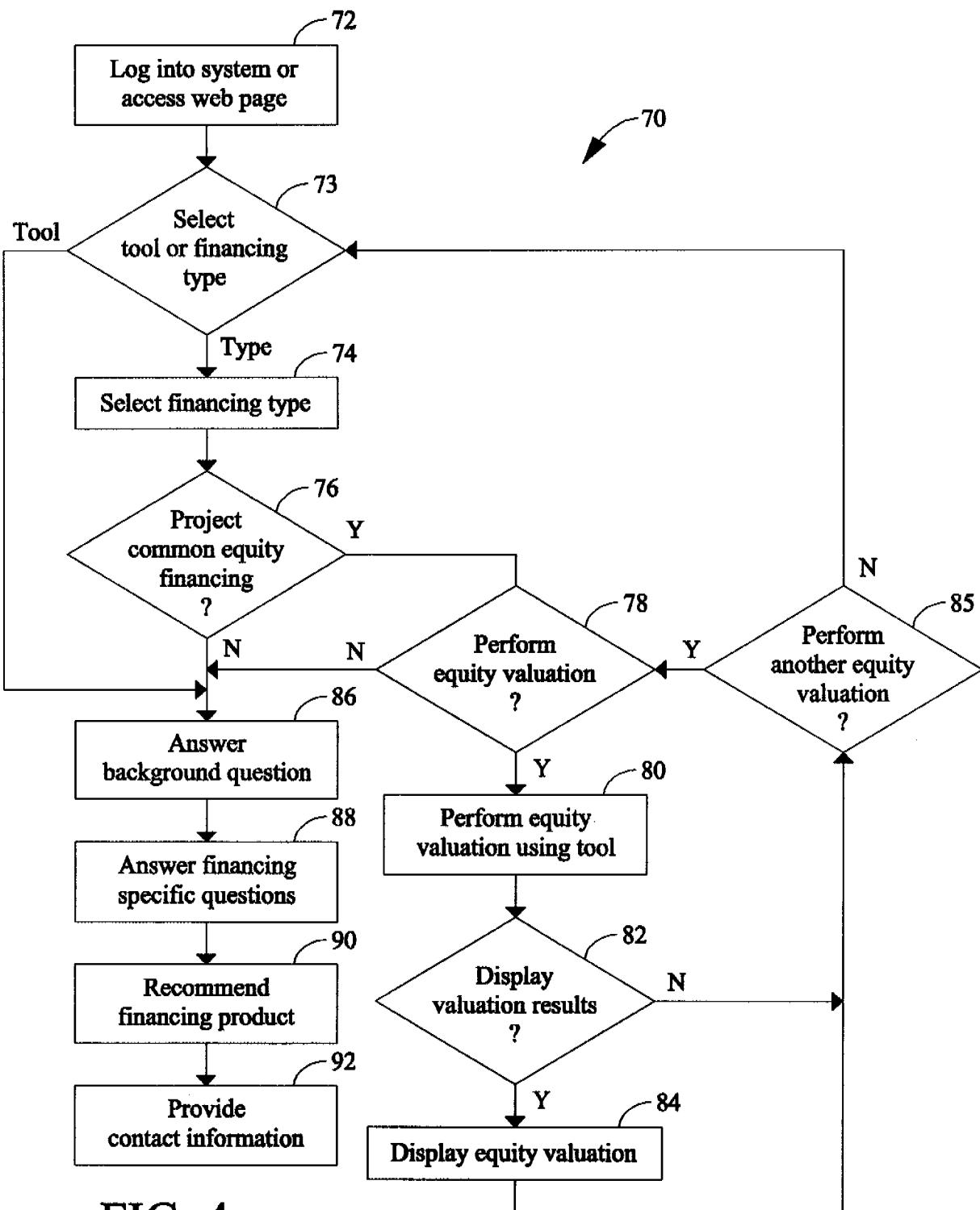


FIG. 4

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FIG. 5

 GE Capital Global Energy	<p>Energy Investment Solutions</p> <p>Welcome to GE Capital Global Energy's Energy Investment Solutions (EIS) Home page. We have designed this tool to let you quickly determine which financial products will be most useful to you.</p> <p>During the two step evaluation process you will be asked to answer a few simple questions. Based on your response, EIS will direct you to a relevant financial tool or structure. You will always be able to go back or contact us with any questions.</p> <p><u>Click here to use our Energy Investment Solutions tool.</u></p> <p>If you are already familiar with GE Capital Global Energy's products and would like more information on a specific product, please select a product from our list:</p> <p> Project Finance ~ 104  submit</p> <p>Disclaimer for Energy Investment Solutions</p> <p>Energy Investment Solutions (EIS) is for informational purposes only. The resulting valuation is not an offer, proposal or commitment to purchase or finance, nor should it be viewed as a rejection of a possible purchase or finance. Please note that any information you submit when using EIS is not an application for financing, although EIS includes many of the questions GE Capital Global Energy may ask when assessing such potential opportunities. All information you provide to EIS will be subject to our privacy policy. None of the information you provide will be saved after your usage of this tool.</p> <p> contact us  exit</p>
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FIG. 6

The diagram illustrates a user interface for a financing application. At the top left is the GE Capital Global Energy logo, followed by the text "Energy Investment Solutions". A horizontal bar at the top right contains the numbers "1 2 3 4" with arrows indicating a sequence. Below this is a "back to previous page" link. The main content area consists of several questions with "Choose One" buttons and associated numbers (120, 122, 124). The questions are:

- Where (country) is your financing requirement?
- In which energy related business is your financing requirement?
- Is your financing requirement for an operating asset(s)?
- Are you currently paying US taxes?
- Are you interested in off-balance sheet or non-recourse financing?
- Are you interested in a structured debt product such as high yield debt or subordinated debt?

On the right side, there are two buttons: "submit" and "exit". Arrows labeled "120", "122", and "124" point to the first, second, and last questions respectively. An arrow labeled "120" also points to the "back to previous page" link.

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FIG. 7

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step 1 2 3 4 ↘

• back to previous page

Is your financing need greater than \$15 million?
Are you looking to sell or optimize your existing equity position in an asset(s)?
Are you willing to share the control, upside potential and residual of the asset(s)?
Are you willing to subordinate your equity distribution to a preferred equity investor?
Would you like to be contacted by GE Capital Global Energy?

> Choose One 142
> Choose One 142

submit ↗ 144

contact us ↗ 144

exit ↗ 144

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FIG. 8

The diagram illustrates a process flow. On the left, there is a logo for "GE Capital Global Energy" and the text "Energy Investment Solutions". A large arrow points from the GE logo to the "Energy Investment Solutions" text. To the right of this main flow, there is a vertical sidebar titled "Project Finance". The sidebar contains several paragraphs of text describing various financing structures and their benefits. At the bottom of the sidebar, there is a link "Click here for examples".

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GE Capital
Global Energy

Energy Investment Solutions

Project Finance

GE Capital Global Energy assists clients to achieve specific finance and accounting objectives in a tax efficient manner through the creation of non-recourse, asset based equity and debt investments supported by supply and off-take contracts.

We apply project finance techniques to finance the acquisition or ownership of energy assets. Structures are customized to the specific asset or assets under question.

Partnerships, leases, common and preferred equity structures can be applied to customize efficient project financings which typically are off-balance sheet for our clients.

In certain circumstances, and depending in part on the client's tax profile, a project financing may result in the client achieving a lower financing rate than its alternative borrowing rate.

The client may be concerned about credit implications and/or S&P or Moody's debt ratings and is therefore interested in off-balance sheet accounting treatment to improve leverage and ROA.

Project finance may allow the client to achieve greater leverage and/or term than is otherwise available or reduce impact of restrictive covenants on remaining business.

[Click here for examples](#)

step 1 2 3 4.
• Back to previous page

[contact us](#) [exit](#)

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FIG. 9

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The Selected Product is:

High Yield Debt

GE Capital Global Energy invests in high yield debt opportunities around the world. Investments are either negotiated directly, institutional private placements or bank syndications.

Investment structures involve senior secured transactions or may involve subordinated investments with appropriate equity participation.

Typical debt investments for GE Global Energy involve acquisitions, project financings and the refinancing of existing investments.

Debt can be structured in a variety of ways including as a revolving credit line or term debt. It can be a secured or an unsecured loan and can be based on floating or fixed rate.

The off-balance sheet loan ("OBSL") is a debt financing which may qualify as an "operating lease" for accounting purposes, with the client retaining tax ownership. OBSL typically provides 5-12 years off-balance sheet financing priced at a slight premium over the client's unsecured debt rate.

US tax exempt debt is a highly developed product in which the interest on qualifying securities is exempt from federal income taxation pursuant to Section 103 of the Internal Revenue Code.

[Click here for examples](#)

[contact us](#) [exit](#)

Step 1 2 3 4
Back to previous page

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FIG. 10

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Energy Investment Solutions

step 1 2 3 4.

[back to previous page](#)

The Selected Product is:

Leasing Product

GE Capital Global Energy is highly experienced in all forms of lease investing.

In the United States, we typically structure leveraged leases or single investor leases. We also structure cross-border lease transactions, and structures in which assist clients to monetize assets already on balance sheet through a sale and leaseback to the owner.

Leasing may be an option if the client is concerned about credit implications and/or S&P or Moody's' debt ratings and is therefore interested in off-balance sheet accounting treatment to improve leverage and ROA.

Single Investor Lease ("SIL") and Leveraged Leases ("LL") are tax advantaged, asset based financings which typically qualify as "operating leases" for accounting and "true leases" for tax purposes. Depending on the client's tax position, the SIL and LL can provide 7-30 years off-balance sheet financing priced well below the client's alternative borrowing rate.

[Click here for examples](#)

contact us **exit**

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FIG. 11

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The Selected Product is:

Project Common Equity
GE Capital Global Energy invests common equity in a variety of transactions, including project financings and limited partnerships.

Typically, these structures allow our client to achieve balance sheet objectives in a tax efficient manner.

Common equity investments can be structured for single assets.

If you would like to get a preliminary estimate of the value of the equity in your quasi-merchant power plant, please use our project equity valuation calculator below. A quasi-merchant power plant is one which is fully or partially supported by supply and off-take contracts.

[Click here for examples](#)

step 1 2 3 4
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[Click here for calculator](#) [contact us](#) [exit](#)

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FIG. 12

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The Selected Product is:

Limited Partnership

Our limited Partnerships are extremely flexible, and are suitable for project financings, deconsolidations, acquisitions and refinancings or monetizations of existing assets. They can be asset-based, non-recourse and/or off-balance sheet to meet client objectives.

Limited Partnership financing is an efficient vehicle as it may permit returns to be earned through accounting benefits and cash distributions in a tax efficient manner.

GE Capital Global Energy invests through limited partner equity or preferred limited partner equity, with distributions geared to targeted rates of return. Ownership interests also can be structured to duration of term and residual value.

Depending on the assets and ownership it may be possible to record an accounting gain without such gain being subject to current income tax.

GE Capital Global Energy is willing to discuss a reduced return after-tax and a smaller residual position/upside sharing position in exchange for preference in cash distributions to the other partner(s) and a fixed and determinable payment stream to allow us to account for the investment as a receivable.

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FIG. 13

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The Selected Product is:

Private Equity

GE Capital Global Energy invests in a variety of private equity situations, focusing on early round fundings for companies pursuing potentially high growth, game changing energy technologies and services.

Our clients benefit from our extensive corporate heritage in the energy industry as well as industry leading in-house corporate R&D expertise.

GE Capital Global Energy also actively considers private equity opportunities in acquisition, M&A and recapitalization situations.

Typically, we are looking for an investment size between \$5MM and \$50MM but are willing to consider larger investments. We are predominantly minority investors in high-quality private companies, but will also make investments in publicly traded companies.

Regardless of their size or industry, all of our portfolio companies possess solid management with established products or services.

Our investments include the use of preferred stock, convertible debt, subordinated debt, and common stock.

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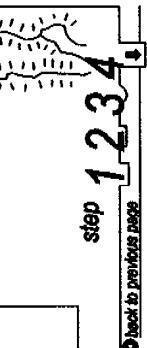
FIG. 14



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Energy Investment Solutions

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step 1 2 3 4
← Back to previous page

The Selected Product is:

Preferred Equity

GE Capital Global Energy invests in a variety of transactions, including private equity and 144A offerings.

Preferred equity investments structured by GE Capital Global Energy are applicable in project financings, acquisitions and refinancing / monetizations, and may include a variety of balance sheet benefits.

Preferred equity is a financing which is senior to common equity stockholders and junior to all lenders and trade creditors. It is debt-like in terms of providing a fixed rate of return to the preferred equity purchaser and generally containing a redemption mechanism. Click on the link below for descriptions of other structures.

Depending on the structure, a portion or all of an investment may be treated as equity by the regulatory agencies and rating agencies.

[Click here for descriptions](#)

[Click here for examples](#)

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FIG. 15

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Project Equity Valuation Tool

This project equity valuation tool is provided for information purposes only, and should not be construed as an offer of, or a refusal to offer, any product or service. None of the information you provide into this tool will be saved or used by GE.

Please fill in the following information to receive an online preliminary valuation of the equity in your assets. When entering data, please keep in mind that these rules apply:

- All numbers, except escalators, must be positive.
- Limit two decimal places to the right.

Step One: Enter Preliminary Data

Complete the information requested below:

Size of Plant

MW

Heat Rate

MMBtu/kWh

% of Revenues under contract

%

of Years Remaining under contract

Years

Remaining Term of Debt

Years

Step Two: Enter Your Current Financing Information (two options)

Please complete either A or B:

A Outstanding Principal

\$MM

Interest Rate

%

OR

B For more a more accurate calculation, input your debt principal and interest service:

Step Three: Enter Your Projected Electricity Prices (two options)

Please complete either A or B:

A Electricity Prices (2000)

c/kWh

Check to use
default values

Escalator (annual rate of increase)

%

OR

B For more a more accurate calculation, input your electricity prices projections:

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Step Four: Enter Your Projected Fuel Costs (two options)

Please complete either A or B:

Fuel Costs (2000)	<input type="text" value="0.00"/>	<input type="checkbox"/> Check to use default values
<input checked="" type="radio"/> A	\$/Mmbtu	
Escalator (annual rate of increase)	<input type="text" value="0.00"/>	%
OR		
<input type="radio"/> B	For more a more accurate calculation, input your fuel prices projections:	

submit

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[return to EIS home](#)

exit

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FIG. 16

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FIG. 17

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Calculator Results

Thank you for using the GE Structured Finance Energy Investment Solution Tool.

Based upon your input, a preliminary estimated value of 50% equity stream form this asset in %MM is:

\$341.6 MM to \$729.3 MM

On this version of the Energy Investment Solution Tool, no residual value assumption has been made, or optimization for accounting purposes, therefore, a more thorough valuation of the equity stream from these assets could yield a higher valuation.

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FIG. 18

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To contact us for more information about GE Capital Global Energy's products, or to give us feedback on Energy Investment Solutions, please call your account relationship manager or email us using the following form:

First Name: Required

Last Name: Required

Email: Required

Role:

Geographic Region: Required

Phone Number:

Fax Number:

Type of Financing Need: Choose One

Size of Financing Need: Choose One

Value-Added Solution Needed for: Choose One

Comments:

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